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GE – General Electric

By Mrisha Sharma

General Electric (GE) is a multinational company operating across various industries. This American company holds an important position globally and has grown by leaps and bounds since its inception. It has bounced back with greater force post- covid to continue its legacy of innovative products and services. General Electric has grown in all possible areas, including aviation, power, renewable energy, healthcare, and finance. The company was founded in 1892 by Thomas Edison, Charles Coffin, and others as the Edison General Electric Company, later merging and renaming the company to be known as General Electric.

It has a long history of technological innovations, including the invention of the first light bulb, the development of the first jet engine, and the very first CT scanner for medical imaging. However, in recent years, General Electric has faced many ups and downs and reshuffled its business elements, including selling business units and altering its focus toward its core businesses in aviation, power, and renewable energy.

GE released the Annual Financial Report on February 10, 2023. The company's CEO, Mr. Larry Culp, took extreme pride in announcing the exceptional financial year 2022. The company saw a high, with a \$4.3 billion cash flow, solid revenue growth, and margin expansion.

According to the Annual FY2022 report, the total revenues were \$76,555,000, and the net income was \$225,000. The company's total revenue for 2021 was \$74,196,000, and its Net income was -\$6,520,000, a year of loss for them. Both the revenue and net income increased in the year 2022. In my opinion, the company reported less revenue than expected, as the difference between the total revenue of the fiscal year 2022 and 2021 was not much. Also, as the aviation industry was back to normal after the pandemic, and healthcare was at its peak, the company could have made much more profit than reported compared to the last fiscal year.

The Annual Report was simple, straightforward, and well-delivered. I found it easy to comprehend, and the financial achievements were crystal clear. The language is simple for better understanding and reach. The news release was another piece in the investor relations section. It was well-written and gave a sense of understanding into the future goals and past year achievements that help the stakeholders reassure that they are investing in the right company.

Ryan Beene from Bloomberg reported on April 26, 2022, that GE had suffered a major slump due to supply-chain problems, the rising cost of raw materials, and labor deficiency. Its shares fell to 13%, the biggest fall since March 2020, and the free cash flow was -\$880 billion, the worst GE had ever faced. Apart from these, the company was also in the news for accounting scandals and declining credibility. These tough times for the company were scary and indefinite. Despite the grave situation, the company focused and worked incessantly to save their crucial pillars by keeping their employees safe and protected, fulfilling their customers' needs, and preventing their company from setbacks and devastation at this critical time.

Larry writes, "2022 marked the beginning of a new era for GE. One where we are unleashing our full potential as three independent industry leaders. Creating a smarter and more efficient future of flight, driving decarbonization through the energy transition, and enabling precision care are big challenges, not for the faint of heart. I know our teams are ready to deliver." He stated how the company took baby steps cautiously to bring about small and significant changes. The 'Lean agile' mental frame of his team, deeply seated in 'kaizen' (constant improvement) globally, led to promotion and success at operational and financial levels, how 'controlling the controllable' helped GE to realize its dream to 'build a world that works,' as coined by the CEO of GE.

GE stock price, according to Yahoo Finance, is currently 83.69 USD. General Electric EPS is \$0.53 for the fiscal year ending on December 31, 2022. The P/E ratio is stocks divided by EPS, which comes out to be 157.9. I would be happy with this if I were a stakeholder as the PE ratio is positive, and EBIT went from -\$1,807,000 in 2021 to \$3,019,000 in 2022. This means that even if the company has not been doing well in the past few years, it still is profitable. I will invest in

the company if the long-term P/E ratio is 16 because it is a long-standing company that has survived a lot in the past.

Its global presence in more than 180 countries and its diverse workforce, which is inclusive, represents its futuristic mindset. It follows a strong code of ethics and values that it expects its employees to uphold and has been recognized for its commitment to social responsibility and sustainability to build a safer, better and happier future for the planet.

The company is working hard, which has led them to achieve and align with the SDGs (Sustainability Development Goals) as per UN norms; a few goals are progression towards attaining carbon-neutral status by 2030 and becoming a zero-emission company by 2050. It also lays heavy emphasis on Human Rights and developing practices and products which are safe, sustainable, and of high quality.

To sum up, I would like to see everything in perspective. Business journalists like Ryan highlighted GE's miserable state in April 2022. His report presents the facts about GE, presenting it as a company that could never bounce back. The facts and figures were threatening and disappointing. However, at the end of FY2022, the scenario changed as per the press release from the company and the CEO's statements, along with believable facts and figures, which are extremely promising and futuristic. Therefore, they have the capability to rise from the rubble with strategic thinking, learning from their mistakes, and a futuristic growth mindset.

Citation

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